

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 IO-11

AF-06 EA-07 EUR-12 NEA-10 /133 W

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R 172215Z FEB 76

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 9059

INFO AMEMBASSY BOGOTA

FAS/USDA/WASHDC

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E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: CONGRESSIONAL HEARINGS ON COFFEE PRICE INCREASES

REF: A. STATE 034044; B. FAS/USDA COFFEE REPORT EU 5034

11/14/75

SUMMARY

1. THERE HAS BEEN NO ATTEMPT BY PUBLIC SECTOR ECUADOR TO TAKE ADVANTAGE OF TIGHT WORLD COFFEE SUPPLY OUTLOOK.

2. REF. A ANSWERED AS FOLLOWS:

A. NATIONAL WHOLESALE/RETAIL COFFEE PRICES CONTROLLED BY SUPERINTENDENCIA DE PRECIOS. ONLY TWO MINOR PRICE INCREASES ON BRAND ROASTED/GROUND COFFEE AUTHORIZED SINCE 1974. SUPERINTENDENCIA CURRENTLY HAS PRICE INCREASES ONE BRAND ROASTED/GROUND COFFEE AND COUNTRY'S ONLY BRAND
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SOLUBLE COFFEE UNDER STUDY. ROASTED/GROUND COFFEE PRICES

CURRENTLY AVERAGE EQUIVALENT US\$.75 (SEVENTY-FIVE CENTS) RETAIL PER POUND; 100 GRAMS SOLUBLE COFFEE US\$.60 (SIXTY CENTS).

B. DOMESTIC ROASTER/GRINDERS IN DIRECT COMPETITION WITH BUYERS OF COFFEE FOR EXPORT, THUS PAY VIRTUALLY SAME PRICE.

C. NO NEW POST FROST GOVERNMENT MEASURES RESTRICT OR ENCOURAGE COFFEE EXPORTS. PRIVATE EXPORTERS REACTED TO HIGH PRICES WITH EXCEPTIONALLY LARGE EXPORTS FROM STOCKS JULY-SEPTEMBER 1975 EXPECIALLY DURING AUGUST WHEN TOTAL REACHED ESTIMATED 403,287 BAGS AGAINST PROVISIONAL EXPORT FIGURES FOR YEAR OF 1,006,572 BAGS.

D. GOE DOES NOT NORMALLY FIX PRODUCER PRICES COFFEE. PRICES PRODUCERS RECEIVE TIED CLOSELY TO DAILY BUYING PRICES GUAYAQUIL MARKET QUOTED NEWSPAPERS WHICH IN TURN RELATE TO INTERNATIONAL PRICES AND CURRENT SYSTEM OF EXPORT TAX COLLECTION (SEE REF. B). APPROXIMATE AVERAGE MONTHLY PRICES PAID PRODUCERS, AGENTS, MERCHANTS, ETC. BY BUYERS ARABICA WASHED COFFEE DELIVERED GUAYAQUIL MARKET HAS BEEN AS FOLLOWS:

MONTH	EQUIVALENT US\$/CWT
MAY 1975	26
JUNE	31
JULY	38
AUGUST	52
SEPTEMBER	49
OCTOBER	48
NOVEMBER	42
DECEMBER	44
JANUARY 1976	52
FEBRUARY 1 - 15, 1976	56

E. NO NEW POST FROST GOVERNMENT MEASURES ENCOURAGE COFFEE PRODUCTION TO DATE. FERTILIZER SUBSIDY LIMITED OFFICIAL USE

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POSSIBLE UNDER CONSIDERATION.
BREWSTER

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NNN

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